

CITY OF DYSART

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

JUNE 30, 2011

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City of Dysart

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Donald Lyons	Mayor	January 2012
Don Zeien	Council Member	January 2012
Richard Behrens	Council Member	January 2012
Tom Brandt	Council Member	January 2014
Pam Thiele	Council Member	January 2014
Tim Glenn	Council Member	January 2014
Roxanne Schneider	City Clerk	
Kelli Knoop	Deputy City Clerk	
Nancy Burk	City Attorney	

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Dysart, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Dysart's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Dysart as of June 30, 2011, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated October 3, 2011 on our consideration of the City of Dysart's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 6 through 12 and 28 through 31 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dysart's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2010 (which are not presented herein) and expressed an unqualified opinion on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. Other supplementary information included in Schedules 1 through 8, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.

RIDIHALGH, FUELLING, SNITKER, WEBER, & CO., P.C.

October 3, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Dysart provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2011 FINANCIAL HIGHLIGHTS

- Revenues of the City's governmental activities decreased significantly from fiscal year 2010 to fiscal year 2011. Total governmental revenues (excluding transfers) were \$1,333,351 in FY 10, and \$935,735. General obligation bonds in the amount of \$400,000 were issued in the previous year, increasing that year's revenues. Property tax revenues increased approximately \$2,000, while TIF revenues held steady at \$65,744 for fiscal year 2011, as compared to \$65,870 for fiscal year 2010.
- Governmental disbursements increased approximately \$2359,960 from fiscal year 2010 to fiscal year 2011. Capital project expenses increased by \$86,566. Public Safety disbursements increased by \$73,517 as a result of capital equipment purchases for the Police Department and Fire Department, and increased staffing for the Ambulance Service. Public works expenditures increased approximately \$37,275, Culture & Recreation expense increased approximately \$10,805, and Community & Economic Development expenses decreased slightly at \$1,697. General government expenses showed a slight increase from \$48,250 to \$56,772. Debt Service expenses also showed an increase at \$256,406, as compared to \$236,444 last fiscal year. Business type expenses showed an increase, from \$1,623,701 to \$1,638,389.
- The City's total cash basis net assets increased \$49,801 from June 30, 2010 to June 30, 2011. Of this amount, the assets of the governmental activities decreased approximately \$148,000; the assets of the business type activities increased by approximately \$197,860. Governmental assets decreased due to the expenditures of bond proceeds received in the previous fiscal year.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than

the government-wide statement by providing information about the most significant funds.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor governmental funds.

Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with accounting principles generally accepted in the United States of America. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Activities and Net Assets reports information which helps answer this question.

The Statement of Activities and Net Assets presents the City's net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Net Assets is divided into two kinds of activities:

- Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the Water Fund, Sanitary Sewer Fund, Electric Fund and Garbage Service Fund. These activities are financed primarily by user charges.

Fund Financial Statements

The City has two kinds of funds:

1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Urban Renewal Tax Increment, 3) the Debt Service Fund, 4) the Capital Projects Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general

government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statements for governmental funds include a statement of cash receipts, disbursements and changes in cash balances.

2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains four major Enterprise Funds to provide separate information for the water, sewer, garbage and electric funds, considered to be major funds of the City.

The required financial statements for proprietary funds include a statement of cash receipts, disbursements and changes in cash balances.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased slightly from a year ago, from \$1.59 million to approximately \$1.44 million. The analysis that follows focuses on the changes in cash balances for governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities		
	Year ended June 30,	
	2011	2010
Receipts & transfers:		
Program Receipts:		
Charges for service	\$148,967	\$ 130,468
Capital grants, contributions and restricted interest	2,100	0
Operating grants, contributions and restricted interest	161,156	52,142
General Receipts:		
Property Tax	412,527	410,578
Local option sales tax	79,092	77,548
TIF Revenues	65,744	65,870
Other city tax	2,887	3,340
Unrestricted investment earnings	12,866	11,641
Bond proceeds	0	396,800
Other general receipts	48,265	166,123
Special Assessments	2,131	18,841
Net Transfers in (out)	<u>55,613</u>	<u>16,800</u>
Total receipts & transfers	991,348	1,350,151
Disbursements:		
Public Safety	279,864	206,347
Public Works	127,218	89,943
Health and social services	0	0
Culture and recreation	196,179	185,374
Community & economic development	16,054	17,751
General government	56,772	48,250
Debt Service	256,406	236,444
Capital projects	<u>206,914</u>	<u>120,338</u>

Total disbursements	1,139,407	904,447
Increase (decrease) in cash basis net assets	(148,059)	445,704
Cash basis assets beginning of year	1,590,283	1,144,579
Cash basis assets end of year	<u>\$1,442,224</u>	<u>\$1,590,283</u>

The City's total receipts for governmental activities decreased by approximately \$359,000,000, from \$1,350,151 to \$991,348. The primary reason for the decrease was issuance of general obligation bonds the previous year for the 2010 Infrastructure Projects. The total cost of all programs and services increased by approximately 26% or \$234,960. The increase was attributable to the 2010 Infrastructure Improvement Project, increased debt payments, and equipment purchases and increased staffing within the Public Safety function.

Property tax rates for 2011 again held steady, at a rate of \$12.65558, as compared to a rate of \$12.58682/\$1000 valuation in fiscal year 2010. Overall property tax revenues were steady, increasing approximately \$2,000 from \$410,578 to \$412,52. TIF revenues also held steady, with revenues of \$65,870 during the fiscal year 2010, and \$65,744 during fiscal year 2011. Local option sales tax revenues increased slightly, with \$79,092 received during fiscal year 2011, as compared to \$77,548 received in fiscal year 2010. Local option sales tax revenues are used to service the aquatic center debt.

There were several changes in the governmental program expenses also. Public Safety expenditures increased by \$73,517, due to the purchase of a new squad car, air packs for the Fire Department, and additional staffing for the Ambulance Service. Public Works expenditures increased by \$37,275 due to street maintenance projects. Culture & Recreation expenses increased by approximately \$10,805 and Community & Economic Development expenses decreased by approximately \$1,700. Capital Projects increased from \$120,338 in fiscal year 2010 to \$206,914 in fiscal year 2011.

Changes in Cash Basis Net Assets of Business Type Activities		
	Year ended June 30,	
	2011	2010
Receipts & transfers:		
Program Receipts:		
Charges for service		
Water	\$ 274,188	\$ 273,806
Sewer	84,759	84,509
Electric	1,214,806	1,158,897
Garbage	319,302	320,652
Capital grants, contributions and restricted interest	0	0
General Receipts:		
Unrestricted investment earnings	10,375	15,466
Bond proceeds	0	0
Other general receipts	61,697	57,633
Transfers in	0	0
Total receipts & transfers	1,965,127	1,910,963

Disbursements:

Water	240,894	258,082
Sewer	64,451	77,978
Electric	997,265	936,172
Garbage	335,779	276,194
Debt Service	73,265	75,275
Transfers out	<u>55,613</u>	<u>16,800</u>
Total disbursements & transfers	1,767,267	1,640,501
Increase (decrease) in cash basis net assets	197,860	270,462
Cash basis assets beginning of year	1,426,647	1,156,185
Cash basis assets end of year	<u>\$1,624,507</u>	<u>\$1,426,647</u>

Total business type activities receipts and transfers in for the fiscal year increased approximately \$54,164 from the previous year, coming in at \$1.96 million compared to \$1.91 million last year. Most of the increase can be attributed increased electric revenues due to increased sales. Total disbursements and transfers out for the fiscal year also increased, from \$1,640,501 in fiscal year 2010 to \$1,767,267 in fiscal year 2011. Water and sewer fund expenses decreased, while electric and garbage fund expenditures increased. As above, electric disbursements increased due to increased wholesale electric purchases. Garbage expenditures increased dramatically due to increases in workers compensation premiums and increased fuel costs during the year.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Dysart completed the year, its governmental funds reported a combined fund balance of \$1,442,224, a decrease of approximately \$148,000 from last year's total of \$1,590,283. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance increased \$23,493 from the prior year to \$1,005,748.
- The Road Use Tax Fund cash balance increased by \$6,019. The reserves will be used for future street improvements.
- The Local Option Sales Tax Fund balance increased from \$ \$80,761 to \$90,514 during fiscal year 2011. Option tax revenues are greater than anticipated, and the increased funds will be used to reduce the aquatic center debt service property tax levy in future years.
- A Low-to-Moderate Income (LMI) Housing Fund was established in fiscal year 2006 to meet the LMI requirements of a housing development rebate agreement. Monies in this fund are allocated for future use benefiting low-to-moderate income residents. The city participates in a low & moderate income home ownership and rehabilitation program administered through Region 6 Planning Commission, and uses these funds to pay the 10% match up to \$2,499 per home. No homes were eligible in Dysart during fiscal year 2011, so no funds were expended. The cash balance of this fund at the end of the fiscal year was \$28,848.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Fund cash balance increased by approximately \$40,000 to \$317,093. Revenues and interest income increased slightly, while expenses decreased by approximately \$18,000. In addition, \$15,000 was transferred out of the water fund to an Infrastructure Debt Fund.
- The Sewer Fund cash balance increased by \$17,000 to \$123,792. Revenues remained constant from the previous year, and expenses decreased. Reserve funds will be used for sanitary sewer improvements in the coming years.
- The Electric Fund cash balance increased by approximately \$170,000 to \$1,050,901. Cash reserves will be used for future capital improvement projects.
- The Garbage Fund cash balance decreased by about \$30,000 to \$55,448. Workers compensation premiums increased dramatically, which accounted for the decrease in fund balance.

BUDGETARY HIGHLIGHTS

The City amended its budget on April 13, 2011. The budget amendment in the amount of \$123,841 included the purchase of a new squad car, a contribution to the Dysart Historical Society, park shelter repairs, tree trimming and removal, and increased workers compensation insurance expense. The City had sufficient cash on hand to finance these items.

DEBT ADMINISTRATION

On June 30, 2011, the City had \$2,320,000 in bonds and other long-term debt, compared to \$2,550,000 last year, as shown below.

Outstanding Debt at Year-End		
	Year ended June 30,	
	2011	2010
General obligation bonds & notes	2,180,000	2,345,000
Revenues bonds	<u>145,000</u>	<u>205,000</u>
Total	<u>\$2,320,000</u>	<u>\$2,550,000</u>

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's constitutional debt limit is \$3,227,705. With outstanding general obligation debt of \$2,320,000, the city was using approximately 71% of its constitutional debt limit at fiscal year end.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Dysart's elected and appointed officials and citizens considered many factors when setting the fiscal year 2012 budget, tax rates, and fees that will be charged for various City activities.

Budgets for various departments have remained fairly consistent with past years. The property tax rate for fiscal year 2011 will increase slightly, to \$12.75571/\$1000 in valuation, compared to \$12.65559/\$1000 for fiscal year 2011.

The City is planning a water main replacement/street improvement project for the summer of 2012. Engineering of the project is currently underway. No other major projects are anticipated at this time.

In July, 2011, the City Council voted to privatize sanitation services for the City of Dysart. The equipment was sold to Barton Jensen Trucking, d/b/a Serious Sanitation, and they began providing the service as of 9/1/11. As a result of the privatization, three full-time sanitation employees were terminated.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Roxanne L. Schneider, City Clerk, 601 Wilson Street, PO Box 686, Dysart, Iowa. Phone #319-476-5690.

City of Dysart

Basic Financial Statements

City of Dysart

Statement of Activities and Net Assets - Cash Basis

As of and for the year ended June 30, 2011

Functions / Programs:	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental activities:				
Public safety	\$ 279,864	119,085	10,529	-
Public works	127,218	-	120,604	-
Health and social services	-	-	-	-
Culture and recreation	196,179	24,927	10,751	2,100
Community and economic development	16,054	-	-	-
General government	56,772	4,955	19,272	-
Debt service	256,406	-	-	-
Capital projects	206,914	-	-	-
Total governmental activities	1,139,407	148,967	161,156	2,100
Business type activities:				
Water	240,894	274,188	-	-
Electric	997,265	1,214,806	-	-
Garbage	335,779	319,302	-	-
Sewer	64,451	84,759	-	-
Total business type activities	1,638,389	1,893,055	-	-
Total	\$ 2,777,796	2,042,022	161,156	2,100
General Receipts:				
Property tax levied for:				
General purposes				
Tax increment financing				
Debt service				
Local option sales tax				
Other city tax				
Unrestricted interest on investments				
Miscellaneous				
Transfers				
Total general receipts and transfers				
Change in cash basis net assets				
Cash basis net assets beginning of year				
Cash basis net assets end of year				
Cash Basis Net Assets				
Restricted:				
Expendable:				
Streets				
Debt service				
Other purposes				
Unrestricted				
Total cash basis net assets				

See notes to financial statements

Net (Disbursements) Receipts and Changes in Cash Basis Net Assets		
Governmental Activities	Business Type Activities	Total
(150,250)	-	(150,250)
(6,614)	-	(6,614)
-	-	-
(158,401)	-	(158,401)
(16,054)	-	(16,054)
(32,545)	-	(32,545)
(256,406)	(73,265)	(329,671)
(206,914)	-	(206,914)
(827,184)	(73,265)	(900,449)
-	33,294	33,294
-	217,541	217,541
-	(16,477)	(16,477)
-	20,308	20,308
-	254,666	254,666
(827,184)	181,401	(645,783)
353,073	-	353,073
65,744	-	65,744
59,454	-	59,454
79,092	-	79,092
2,887	-	2,887
12,866	10,375	23,241
50,396	61,697	112,093
55,613	(55,613)	-
679,125	16,459	695,584
(148,059)	197,860	49,801
1,590,283	1,426,647	3,016,930
\$ 1,442,224	1,624,507	3,066,731
\$ 98,166	-	98,166
-	70,426	70,426
90,514	93	90,607
1,253,544	1,553,988	2,807,532
\$ 1,442,224	1,624,507	3,066,731

City of Dysart
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Governmental Funds

As of and for the year ended June 30, 2011

	General	Capital Project 2010 Infrastructure Project	Other Nonmajor Governmental Funds	Total
Receipts:				
Property tax	\$ 294,910	-	117,617	412,527
Tax increment financing collections	-	-	65,744	65,744
Other city tax	2,079	-	79,900	81,979
Licenses and permits	4,955	-	-	4,955
Use of money and property	10,514	504	1,848	12,866
Intergovernmental	18,542	-	120,604	139,146
Charges for service	144,012	-	-	144,012
Special assessments	-	-	2,131	2,131
Miscellaneous	71,320	-	1,013	72,333
Total receipts	546,332	504	388,857	935,693
Disbursements:				
Operating:				
Public safety	279,864	-	-	279,864
Public works	12,633	-	114,585	127,218
Health and social services	-	-	-	-
Culture and recreation	196,179	-	-	196,179
Community and economic development	16,054	-	-	16,054
General government	56,772	-	-	56,772
Debt service	-	-	256,406	256,406
Capital projects	-	206,914	-	206,914
Total disbursements	561,502	206,914	370,991	1,139,407
Excess (deficiency) of receipts over (under) disbursements	(15,170)	(206,410)	17,866	(203,714)
Other financing sources (uses):				
Miscellaneous	42	-	-	42
Operating transfers in	58,620	-	270,206	328,826
Operating transfers out	(20,000)	-	(253,213)	(273,213)
Total other financing sources (uses)	38,662	-	16,993	55,655
Net change in cash balances	23,492	(206,410)	34,859	(148,059)
Cash balances beginning of year	982,256	279,486	328,541	1,590,283
Cash balances end of year	\$ 1,005,748	73,076	363,400	1,442,224
Cash Basis Fund Balances				
Restricted for:				
Streets	-	-	98,166	98,166
Other purposes	-	-	90,514	90,514
Committed for:				
Urban renewal purposes	-	-	43,462	43,462
Debt service	-	73,076	18,000	91,076
Assigned	228,889	-	113,258	342,147
Unassigned	776,859	-	-	776,859
Total cash basis fund balances	\$ 1,005,748	73,076	363,400	1,442,224

See notes to financial statements

City of Dysart

Reconciliation of the Statement of Cash
Receipts, Disbursements and Changes in Cash Balances
to the Statement of Activities and Net Assets -
Governmental Funds

As of and for the year ended June 30, 2011

Total governmental funds cash balances (page 17)	\$ 1,442,224
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The city does not have an internal service fund.
Therefore there are no reconciling items.

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Cash basis net assets of governmental activities (page 16)	<u>\$ 1,442,224</u>
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Net change in cash balances (page 17)	\$ (148,059)
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The city does not have an internal service fund.
Therefore there are no reconciling items.

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Change in cash balance of governmental activities (page 16)	<u>\$ (148,059)</u>
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See notes to financial statements

City of Dysart
Statement of Cash Receipts, Disbursements and Changes in Cash Balances
Proprietary Funds

As of and for the year ended June 30, 2011

	Enterprise Funds				Total
	Water	Electric	Garbage	Other Nonmajor Proprietary Funds	
Operating receipts:					
Use of money and property	\$ 2,329	5,711	403	1,932	10,375
Charges for service	274,188	1,214,806	319,302	84,759	1,893,055
Miscellaneous	19,573	39,070	2,003	1,051	61,697
Total operating receipts	296,090	1,259,587	321,708	87,742	1,965,127
Operating disbursements:					
Business type activities	240,894	997,265	335,779	64,451	1,638,389
Total operating disbursements	240,894	997,265	335,779	64,451	1,638,389
Excess (deficiency) of operating receipts over (under) operating disbursements	55,196	262,322	(14,071)	23,291	326,738
Non-operating receipts (disbursements):					
Miscellaneous	-	-	-	-	-
Debt service	-	-	-	(73,265)	(73,265)
Total non-operating receipts (disbursements)	-	-	-	(73,265)	(73,265)
Excess (deficiency) of receipts over (under) disbursements	55,196	262,322	(14,071)	(49,974)	253,473
Operating transfers in/(out)	(15,000)	(91,894)	(16,800)	68,081	(55,613)
Net change in cash balances	40,196	170,428	(30,871)	18,107	197,860
Cash balances beginning of year	276,897	880,474	86,319	182,957	1,426,647
Cash balances end of year	\$ 317,093	1,050,902	55,448	201,064	1,624,507
Cash Basis Fund Balances					
Restricted for:					
Debt service	\$ -	-	-	70,426	70,426
Other purposes	-	-	-	93	93
Committed for debt service	-	-	-	6,754	6,754
Assigned	175,000	32,046	-	-	207,046
Unassigned	142,093	1,018,856	55,448	123,791	1,340,188
Total cash basis fund balances	\$ 317,093	1,050,902	55,448	201,064	1,624,507

See notes to financial statements

City of Dysart

Reconciliation of the Statement of Cash
Receipts, Disbursements and Changes in Cash Balances
to the Statement of Activities and Net Assets -
Proprietary Funds

As of and for the year ended June 30, 2011

Total enterprise funds cash balances (page 19)	\$1,624,507
---	-------------

The city does not have an internal service fund.
Therefore there are no reconciling items.

-

Cash basis net assets of business type activities (page 16)	<u>\$1,624,507</u>
--	--------------------

Net change in cash balances (page 19)	\$ 197,860
--	------------

The city does not have an internal service fund.
Therefore there are no reconciling items.

-

Change in cash balance of business type activities (page 16)	<u>\$ 197,860</u>
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See notes to financial statements

City of Dysart

Notes to Financial Statements

June 30, 2011

(1) Summary of Significant Accounting Policies

The City of Dysart is a political subdivision of the State of Iowa located in Tama County. It was first incorporated in 1873 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides water, sewer, electric, and garbage utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Dysart has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City. The City has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Tama County Sheriff's department, Tama County Economic Development Commission, Dysart Rural Fire Agency, Inc., Tama County Solid Waste Disposal Commission, Tama County E911 Board, Tama County Emergency Communications Network (CodeRED).

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in two categories:

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements – Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

Capital Project:

The 2010 Infrastructure Project Fund is used to account for improvements made during 2010 and 2011 for paving, resurfacing, and storm sewer improvements.

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's water utility system.

The Electric Fund accounts for the operation and maintenance of the City's electric utility system.

The Garbage Fund accounts for the operation and maintenance of the City's garbage collection services.

C. Measurement Focus and Basis of Accounting

The City of Dysart maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Governmental Cash Basis Fund Balances:

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Assigned – Amounts the Council intends to use for specific purposes.

Unassigned – All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2011 disbursements did not exceed the amounts budgeted in any function.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City maintains funds in a Sweep Manager Account Program with Security State Bank. The Bank transfers funds out of the City's bank account once it meets or exceeds \$52,000 and places them into retail repurchase agreement, or "Repo". The Repos evidence a borrowing to be collateralized by securities, which are held by a third-party custodian. Amounts swept from the bank account into Repos will earn interest rates that are determined by the Bank daily.

The City's investment policy limits the investment of operating funds, those funds which are expected to be expended in the current budget year or within 15 months of receipt, to instruments that mature within 397 days. The maturities shall be consistent with the needs and use of the City.

At June 30, 2011, the City had the following investments:

Type	Carrying Amount	Fair Value	Maturity
Certificates of deposit	<u>\$ 1,141,840</u>	<u>\$ 1,141,840</u>	Various

(3) Bonds and Notes Payable

Annual debt service requirements to maturity for bonds and notes are as follows:

Year Ending June 30,	Revenue Note		General Obligation Bonds and Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	70,000	5,460	165,000	82,989	235,000	88,449
2013	70,000	2,800	155,000	78,329	225,000	81,129
2014	-	-	160,000	73,219	160,000	73,219
2015	-	-	170,000	67,919	170,000	67,919
2016	-	-	170,000	61,946	170,000	61,946
2017 - 2021	-	-	1,360,000	240,990	1,360,000	240,990
Total	<u>\$ 140,000</u>	<u>8,260</u>	<u>2,180,000</u>	<u>605,392</u>	<u>2,320,000</u>	<u>613,652</u>

The Code of Iowa requires principal and interest on general obligation bonds be paid from the Debt Service Fund.

Revenue Notes

The City has pledged future electric customer net revenues to repay \$600,000 of electric revenue notes issued in March 2003. Proceeds from the notes provided financing for the construction of electrical improvements. The notes are payable solely from electric customer net revenues and are payable through 2013. The total principal and interest remaining to be paid on the notes is \$148,260. For the current year, principal and interest paid were \$72,865.

The electric revenue bond resolution includes a provision that an amount equal to one-twelfth of the bond principal coming due on the succeeding June 1 plus an amount equal to one-sixth of the interest coming due on the succeeding interest payment date to be deposited in an electric revenue sinking fund in monthly installments. In addition, the

resolution requires a balance to be maintained in an electric revenue reserve fund at least equal to the lesser of 1) the maximum amount of principal and interest coming due on the notes in any succeeding year, 2) 125% of the average amount of principal and interest coming due on the notes and any parity obligations in any succeeding year, or 3) 10% of the stated principal amount of the notes and any parity obligations outstanding. As of June 30, 2011, the City was in compliance with these requirements.

(4) Pension and Retirement Benefits

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 4.50% of their annual covered salary and the City is required to contribute 6.95% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2011, 2010, and 2009 were \$32,909, \$27,777, and \$25,401, respectively, equal to the required contributions for each year.

(5) Other Postemployment Benefits (OPEB)

Plan Description - The City operates a single-employer benefit plan which provides medical/prescription drug benefits for active employees and their families. Retired employees are eligible to participate at their own expense and must be age 55 or older at retirement. There are 8 active and no retired members in the plan.

The medical/prescription drug benefits are provided through a partially self-insured plan with Wellmark Blue Cross/Blue Shield. Retirees under age 65 pay the full cost of the premium for the medical/prescription drug benefits. The City's deductibles for the plan are \$3,000 for single and \$6,000 for family and it self funds half of the deductible, or \$1,500 for single and \$3,000 for family, for each participant. A third party administrator, Advantage Administrators, coordinates the self funded portion of the plan.

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The most recent active member monthly premiums paid for by the City are \$415.02 for single coverage and \$1,037.51 for family coverage. For the year ended June 30, 2011, the City contributed \$89,980 on behalf of plan members.

(6) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation and sick leave hours based on the length of their employment. Vacation leave is for subsequent use or for payment upon termination, retirement or death. Unused sick leave is forfeited upon termination, retirement, or death. The accumulation of vacation leave is not recognized as a disbursement by the City until used or paid. The City's approximate liability for earned vacation termination payments payable to employees at June 30, 2011 was \$15,629. This liability has been computed based on rates of pay in effect at June 30, 2011.

(7) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2010 is as follows:

Transfer from	Transfer to	Amount
General	Debt Service Library Debt	\$ 20,000
Special Revenue Employee Benefits	General	58,620
Special Revenue TIF	Debt Service 2006 Infrastructure Debt	46,633
TIF	Pool Debt	18,355
LOST	Pool Debt	70,000
Debt Service Debt Levy	Debt Service 2010 Infrastructure Debt	30,044
Debt Levy	2006 Infrastructure Debt	28,242
Debt Levy	Pool Debt	1,319
Enterprise Garbage	Capital Projects Garbage Truck Replacement	16,800
Enterprise Electric	Enterprise Electric Debt	73,081
Electric	Debt Service 2010 Infrastructure Debt	18,814
Water	2006 Infrastructure Debt	15,000
Sewer	2006 Infrastructure Debt	5,000

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

(8) Related Party Transactions

The City had no business transactions between the City and City officials during the year ended June 30, 2011.

(9) Commitments

In March 1994, the City agreed to pay the Medicare and drug supplement for a retired City employee. The cost to the City for the year ended June 30, 2011 was \$3,505.

Under a wholesale power agreement, the City is committed to purchase its electric power and energy requirements from Resale Power Group of Iowa through December 2013. The rates for such purchases are subject to review annually.

Under a water purchase contract, the City is committed to the purchase of bulk water from Poweshiek Water Association through 2038. The rates for such purchases are subject to review annually.

The City participates in a 28E organization with Tama County and other cities within Tama County. This organization is the Tama County Solid Waste Disposal Commission. The estimated costs of closure and post closure care as of March 31, 2011, the most recent date for which such information is available, is approximately \$1,208,000. The Commission has accumulated resources to fund these costs and, at June 30, 2011, assets of \$1,228,000 are restricted for these purposes.

(10) Risk Management

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(11) Subsequent Event

The City Council passed a resolution July 2011 to eliminate their residential curbside and commercial garbage collection services and terminated the garbage utility effective September 1, 2011. They subsequently agreed to sell City owned garbage equipment and dumpsters to Barton Jensen Trucking, Inc. for \$110,000 and signed a five year service contract for garbage service with the company. As a result of eliminating the City owned sanitation services, three employees are being laid off effective September 1, 2011.

Required Supplementary Information

City of Dysart
 Budgetary Comparison Schedule
 of Receipts, Disbursements, and Changes in Balances -
 Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds

Required Supplementary Information

Year ended June 30, 2011

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
Receipts:			
Property tax	\$ 412,527	-	-
Tax increment financing collections	65,744	-	-
Other city tax	81,979	-	-
Licenses and permits	4,955	-	-
Use of money and property	12,866	10,375	-
Intergovernmental	139,146	-	-
Charges for service	144,012	1,893,055	-
Special assessments	2,131	-	-
Miscellaneous	72,333	61,697	-
Total receipts	<u>935,693</u>	<u>1,965,127</u>	<u>-</u>
Disbursements:			
Public safety	279,864	-	-
Public works	127,218	-	-
Health and social services	-	-	-
Culture and recreation	196,179	-	-
Community and economic development	16,054	-	-
General government	56,772	-	-
Debt service	256,406	-	-
Capital projects	206,914	-	-
Business type activities	-	1,711,654	-
Total disbursements	<u>1,139,407</u>	<u>1,711,654</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	(203,714)	253,473	-
Other financing sources (uses), net	<u>55,655</u>	<u>(55,613)</u>	<u>-</u>
Excess of receipts and other financing sources over disbursements and other financing uses	(148,059)	197,860	-
Balances beginning of year	<u>1,590,283</u>	<u>1,426,647</u>	<u>-</u>
Balances end of year	<u>\$ 1,442,224</u>	<u>1,624,507</u>	<u>-</u>

See accompanying independent auditor's report.

Net	Budgeted Amounts		Final to Net Variance
	Original	Final	
412,527	412,383	412,383	144
65,744	64,988	64,988	756
81,979	72,989	76,289	5,690
4,955	3,300	3,300	1,655
23,241	19,000	19,000	4,241
139,146	127,979	129,212	9,934
2,037,067	2,046,950	2,046,950	(9,883)
2,131	3,000	3,000	(869)
134,030	42,400	47,400	86,630
2,900,820	2,792,989	2,802,522	98,298
279,864	254,500	285,536	5,672
127,218	124,643	133,041	5,823
-	-	-	-
196,179	205,546	226,114	29,935
16,054	16,498	26,337	10,283
56,772	71,938	71,938	15,166
256,406	256,407	256,407	1
206,914	290,000	290,000	83,086
1,711,654	1,891,863	1,945,863	234,209
2,851,061	3,111,395	3,235,236	384,175
49,759	(318,406)	(432,714)	482,473
42	-	-	42
49,801	(318,406)	(432,714)	482,515
3,016,930	2,611,032	3,016,930	-
3,066,731	2,292,626	2,584,216	482,515

City of Dysart

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2011

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service Funds and Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted receipts by \$9,533 and increased budgeted disbursements by \$123,841. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2011, disbursements did not exceed the amounts budgeted in any program.

Other Supplementary Information

City of Dysart

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Governmental Funds - Summary

As of and for the year ended June 30, 2011

	Special Revenue	Debt Service	Capital Projects	Total
Receipts:				
Property tax	\$ 58,163	59,454	-	117,617
Tax increment financing	65,744	-	-	65,744
Other city tax	79,503	397	-	79,900
Licenses and permits	-	-	-	-
Use of money and property	1,020	149	679	1,848
Intergovernmental	120,604	-	-	120,604
Charges for services	-	-	-	-
Special assessments	-	2,131	-	2,131
Miscellaneous	-	1,013	-	1,013
Total receipts	325,034	63,144	679	388,857
Disbursements:				
Operating:				
Public safety	-	-	-	-
Public works	114,585	-	-	114,585
Health and social services	-	-	-	-
Culture and recreation	-	-	-	-
Community and economic development	-	-	-	-
General government	-	-	-	-
Debt Service	-	256,406	-	256,406
Capital projects	-	-	-	-
Total disbursements	114,585	256,406	-	370,991
Excess (deficiency) of receipts over (under) disbursements	210,449	(193,262)	679	17,866
Other financing sources:				
Operating transfers in/(out)	(193,608)	193,801	16,800	16,993
Loan proceeds	-	-	-	-
	(193,608)	193,801	16,800	16,993
Net change in cash balances	16,841	539	17,479	34,859
Cash balances beginning of year	215,301	17,461	95,779	328,541
Cash balances end of year	\$ 232,142	18,000	113,258	363,400
Cash Basis Fund Balances				
Restricted for:				
Streets	\$ 98,166	-	-	98,166
Other purposes	90,514	-	-	90,514
Committed for:				
Urban renewal purposes	43,462	-	-	43,462
Debt service	-	18,000	-	18,000
Assigned for capital purchases	-	-	113,258	113,258
Unassigned	-	-	-	-
Total cash basis fund balances	\$ 232,142	18,000	113,258	363,400

See accompanying independent auditor's report

City of Dysart
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Governmental Funds - Special Revenue Funds

As of and for the year ended June 30, 2011

	Road Use	Employee Benefits	Special Revenue Local Option Sales Tax	Low to Moderate Income Housing	Tax Increment Financing	Total
Receipts:						
Property tax	\$ -	58,163	-	-	-	58,163
Tax increment financing	-	-	-	-	65,744	65,744
Other city tax	-	411	79,092	-	-	79,503
Licenses and permits	-	-	-	-	-	-
Use of money and property	-	46	661	73	240	1,020
Intergovernmental	120,604	-	-	-	-	120,604
Charges for services	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total receipts	120,604	58,620	79,753	73	65,984	325,034
Disbursements:						
Operating:						
Public safety	-	-	-	-	-	-
Public works	114,585	-	-	-	-	114,585
Health and social services	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community and economic developme	-	-	-	-	-	-
General government	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Total disbursements	114,585	-	-	-	-	114,585
Excess (deficiency) of receipts over (under) disbursements	6,019	58,620	79,753	73	65,984	210,449
Other financing sources:						
Operating transfers in/(out)	-	(58,620)	(70,000)	-	(64,988)	(193,608)
Loan proceeds	-	-	-	-	-	-
	-	(58,620)	(70,000)	-	(64,988)	(193,608)
Net change in cash balances	6,019	-	9,753	73	996	16,841
Cash balances beginning of year	92,147	-	80,761	28,775	13,618	215,301
Cash balances end of year	\$ 98,166	-	90,514	28,848	14,614	232,142
Cash Basis Fund Balances						
Restricted for:						
Streets	\$ 98,166	-	-	-	-	98,166
Other purposes	-	-	90,514	-	-	90,514
Committed for urban renewal purposes	-	-	-	28,848	14,614	43,462
Total cash basis fund balances	\$ 98,166	-	90,514	28,848	14,614	232,142

See accompanying independent auditor's report

City of Dysart

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Governmental Funds - Debt Service Funds

As of and for the year ended June 30, 2011

	Debt Service					
	Debt Service Levy	Library Debt	Pool Debt	2006 Infrastructure Debt	2010 Infrastructure Debt	Total
Receipts:						
Property tax	\$ 59,454	-	-	-	-	59,454
Tax increment financing	-	-	-	-	-	-
Other city tax	397	-	-	-	-	397
Licenses and permits	-	-	-	-	-	-
Use of money and property	102	-	-	47	-	149
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Special assessments	-	-	-	2,131	-	2,131
Miscellaneous	-	-	-	1,013	-	1,013
Total receipts	59,953	-	-	3,191	-	63,144
Disbursements:						
Operating:						
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Health and social services	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community and economic developme	-	-	-	-	-	-
General government	-	-	-	-	-	-
Debt Service	-	20,000	89,674	97,875	48,857	256,406
Capital projects	-	-	-	-	-	-
Total disbursements	-	20,000	89,674	97,875	48,857	256,406
Excess (deficiency) of receipts over (under) disbursements	59,953	(20,000)	(89,674)	(94,684)	(48,857)	(193,262)
Other financing sources:						
Operating transfers in/(out)	(59,605)	20,000	89,674	94,875	48,857	193,801
Loan proceeds	-	-	-	-	-	-
	(59,605)	20,000	89,674	94,875	48,857	193,801
Net change in cash balances	348	-	-	191	-	539
Cash balances beginning of year	1,267	-	-	16,194	-	17,461
Cash balances end of year	\$ 1,615	-	-	16,385	-	18,000
Cash Basis Fund Balances						
Committed for debt service	\$ 1,615	-	-	16,385	-	18,000
Unassigned	-	-	-	-	-	-
Total cash basis fund balances	\$ 1,615	-	-	16,385	-	18,000

See accompanying independent auditor's report

City of Dysart

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Governmental Funds - Capital Projects Funds

As of and for the year ended June 30, 2011

	Capital Projects		
	Library Project	Garbage Truck Replacement	Total
Receipts:			
Property tax	\$ -	-	-
Tax increment financing	-	-	-
Other city tax	-	-	-
Licenses and permits	-	-	-
Use of money and property	501	178	679
Intergovernmental	-	-	-
Charges for services	-	-	-
Special assessments	-	-	-
Miscellaneous	-	-	-
Total receipts	501	178	679
Disbursements:			
Operating:			
Public safety	-	-	-
Public works	-	-	-
Health and social services	-	-	-
Culture and recreation	-	-	-
Community and economic developme	-	-	-
General government	-	-	-
Debt Service	-	-	-
Capital projects	-	-	-
Total disbursements	-	-	-
Excess (deficiency) of receipts over (under) disbursements	501	178	679
Other financing sources:			
Operating transfers in/(out)	-	16,800	16,800
Loan proceeds	-	-	-
	-	16,800	16,800
Net change in cash balances	501	16,978	17,479
Cash balances beginning of year	53,444	42,335	95,779
Cash balances end of year	\$ 53,945	59,313	113,258
Cash Basis Fund Balances			
Assigned for capital purchases	\$ 53,945	59,313	113,258
Unassigned	-	-	-
Total cash basis fund balances	\$ 53,945	59,313	113,258

See accompanying independent auditor's report

City of Dysart

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Proprietary Funds

As of and for the year ended June 30, 2011

	Enterprise Funds				Total
	Sewer	Electric Revenue Debt	Electric Revenue Reserve	Project Share	
Operating receipts:					
Use of money and property	\$ 964	186	782	-	1,932
Charges for service	84,759	-	-	-	84,759
Miscellaneous	1,051	-	-	-	1,051
Total operating receipts	86,774	186	782	-	87,742
Operating disbursements:					
Business type activities	64,451	-	-	-	64,451
Total operating disbursements	64,451	-	-	-	64,451
Excess (deficiency) of operating receipts over (under) operating disbursements	22,323	186	782	-	23,291
Non-operating receipts (disbursements):					
Miscellaneous	-	-	-	-	-
Debt service	-	(73,265)	-	-	(73,265)
Total non-operating receipts (disbursements)	-	(73,265)	-	-	(73,265)
Excess (deficiency) of receipts over (under) disbursements	22,323	(73,079)	782	-	(49,974)
Operating transfers in/(out)	(5,000)	73,081	-	-	68,081
Net change in cash balances	17,323	2	782	-	18,107
Cash balances beginning of year	106,468	6,752	69,644	93	182,957
Cash balances end of year	\$ 123,791	6,754	70,426	93	201,064
Cash Basis Fund Balances					
Restricted for:					
Debt service	\$ -	-	70,426	-	70,426
Other purposes	-	-	-	93	93
Committed for debt service	-	6,754	-	-	6,754
Unassigned	123,791	-	-	-	123,791
Total cash basis fund balances	\$ 123,791	6,754	70,426	93	201,064

See accompanying independent auditor's report

Schedule 6

City of Dysart

Schedule of Indebtedness

Year ended June 30, 2011

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General Obligation Notes:			
Library	May 8, 2002	0.00%	200,000
Aquatic center	July 1, 2003	2.10 - 4.125%	1,200,000
General Obligation Bonds:			
Infrastructure/Streets	Sept 1, 2006	4.00 - 4.50%	1,200,000
Corporate purpose, Series 2010	March 2, 2010	2.00 - 3.60%	400,000
Revenue Notes:			
Electric	March 1, 2003	1.50 - 4.00%	600,000

See accompanying independent auditor's report

Schedule 6

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
\$ 40,000	-	20,000	20,000	-	-
910,000	-	55,000	855,000	34,274	-
950,000	-	75,000	875,000	34,274	-
995,000	-	55,000	940,000	42,475	-
400,000	-	35,000	365,000	13,458	-
1,395,000	-	90,000	1,305,000	55,933	-
205,000	-	65,000	140,000	7,865	-
\$ 2,550,000	-	230,000	2,320,000	98,072	-

City of Dysart

Bond and Note Maturities

June 30, 2011

Year Ending June 30,	General Obligation Note Library		General Obligation Note Aquatic Center		General Obligation Bond 006 Infrastructure/Street	
	Issued May 8, 2002		Issued July 1, 2003		Issued Sept 1, 2006	
	Interest		Interest		Interest	
	Rates	Amount	Rates	Amount	Rates	Amount
2012	0.00%	\$ 20,000	3.20	55,000	4.00	55,000
2013		-	3.35	60,000	4.00	60,000
2014		-	3.50	60,000	4.00	60,000
2015		-	3.60	65,000	4.05	65,000
2016		-	3.70	65,000	4.25	65,000
2017		-	3.80	70,000	4.25	70,000
2018		-	3.90	70,000	4.25	70,000
2019		-	4.00	75,000	4.30	75,000
2020		-	4.00	80,000	4.35	75,000
2021		-	4.00	80,000	4.45	80,000
2022		-	4.125	85,000	4.45	85,000
2023		-	4.125	90,000	4.50	90,000
2024		-		-	4.50	90,000
Total		<u>\$ 20,000</u>		<u>855,000</u>		<u>940,000</u>

Year Ending June 30,	General Obligation Bond			Revenue Bonds	
	2010 Infrastructure			Electric	
	Issued March 2, 2010			March 1, 2003	
	Interest			Interest	
	Rates	Amount	Total	Rates	Amount
2012	2.00	35,000	165,000	3.80	70,000
2013	2.00	35,000	155,000	4.00	70,000
2014	2.00	40,000	160,000		
2015	2.50	40,000	170,000		\$ 140,000
2016	2.75	40,000	170,000		
2017	3.00	40,000	180,000		
2018	3.20	45,000	185,000		
2019	3.40	45,000	195,000		
2020	3.60	45,000	200,000		
2021		-	160,000		
2022		-	170,000		
2023		-	180,000		
2024		-	90,000		
Total		365,000	2,180,000		

See accompanying independent auditor's report

City of Dysart

Schedule of Receipts by Source and Disbursements By Function
All Governmental Funds

	2011	2010
Property tax	\$ 412,527	410,578
Tax increment financing	65,744	65,870
Other city tax	81,979	80,888
Licenses and permits	4,955	2,476
Use of money and property	12,866	16,874
Intergovernmental	139,146	133,092
Charges for service	144,012	130,468
Special assessments	2,131	18,841
Miscellaneous	72,333	77,464
Total	<u>\$ 935,693</u>	<u>936,551</u>
Disbursements:		
Operating:		
Public safety	\$ 279,864	206,347
Public works	127,218	89,943
Health and social services	-	-
Culture and recreation	196,179	185,374
Community and economic development	16,054	17,751
General government	56,772	48,250
Debt service	256,406	236,444
Capital projects	206,914	120,338
Total	<u>\$ 1,139,407</u>	<u>904,447</u>

See accompanying independent auditor's report

Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Dysart, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated October 3, 2011. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Dysart's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City of Dysart's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Dysart's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Dysart's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-11 and II-B-11 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not note any significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Dysart's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of Dysart's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit the City of Dysart's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Dysart and other parties to whom the City of Dysart may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Dysart during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



RIDIHALGH, FUELLING, SNITKER, WEBER, & CO., P.C., CPA'S

October 3, 2011

City of Dysart
Schedule of Findings and Questioned Costs
Year ended June 30, 2011

Part I: Summary of the Independent Auditor's Results:

- (a) An unqualified opinion was issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) The City of Dysart was not granted federal funds in excess of the OMB A-133 Single Audit dollar threshold of \$500,000 for the year ended June 30, 2011.

City of Dysart

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

- II-A-11 Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal are all done by the same person.

Recommendation - We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - We will consider this.

Conclusion - Response acknowledged. The City should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

- II-B-11 Preparation of Financial Statements - The City of Dysart, Iowa employs an accounting staff with the ability to prepare its financial statements (including footnotes disclosures) in conformity with accounting principles general accepted in the United States of America, but the staff does not have the training or reference materials available to draft the footnotes to the financial statements; therefore, it relies on its auditors to prepare such statements.

Response - Management feels that having the auditors draft the financial statements and notes is a tolerable situation. Internal financial statements are prepared monthly for reporting and decision making purposes. The requirements and form of the audited statements are different than the internal needs and change occasionally. Given the size of the organization, it is helpful to rely on the expertise of the auditors to monitor those requirements. Management approves the draft financial statements prior to their issuance.

Conclusion - Response acknowledged.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

City of Dysart
Schedule of Findings and Questioned Costs
Year ended June 30, 2011

Part III: Other Findings Related to Statutory Reporting:

- III-A-11 Certified Budget – Disbursements during the year ended June 30, 2011 did not exceed the amounts budgeted.
- III-B-11 Questionable Disbursements – There were no disbursements noted that do not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- III-C-11 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- III-D-11 Business Transactions – There were no business transactions between the City and City officials or employees.
- III-E-11 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- III-F-11 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.
- III-G-11 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- III-H-11 Revenue Bonds and Notes – No instances of non-compliance with the revenue bond and note resolutions were noted.
- III-I-11 Financial Condition – The City did not have any funds that had a deficit balance at June 30, 2011.

City of Dysart

Staff

This audit was performed by:

Gina Trimble, CPA, Manager
Jeremy Lockard, CPA, Staff